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Signed and Filed: January 20, 2017

A handwritten signature in black ink, appearing to read "Hannah L. Blumenstiel".

HANNAH L. BLUMENSTIEL
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re)	Case No. 16-31325 HLB
)	Chapter 11
WRAP MEDIA, LLC)	
)	
Debtor.)	

In re)	Case No. 16-31326 HLB
)	Chapter 11
WRAP MEDIA, INC.)	
)	
Debtor.)	Jointly Administered

<input type="checkbox"/>	Affects LLC)
<input type="checkbox"/>	Affects Inc.)
<input checked="" type="checkbox"/>	Affects BOTH DEBTORS)

**AMENDED INTERIM ORDER (I) AUTHORIZING DEBTORS TO OBTAIN
POSTPETITION FINANCING PURSUANT TO SECTION 364 OF THE
BANKRUPTCY CODE, (II) AUTHORIZING THE USE OF CASH
COLLATERAL PURSUANT TO SECTION 363 OF THE BANKRUPTCY
CODE, (III) GRANTING LIENS AND SUPERPRIORITY
CLAIMS, AND (IV) SCHEDULING A FINAL HEARING ON THE DEBTORS'
MOTION TO INCUR SUCH FINANCING ON A PERMANENT BASIS**

This matter is before the Court on the motion (the "Motion") filed on December 12, 2016, by the above-captioned debtors and debtors in possession (the "Debtors") in the above-captioned chapter 11 cases (the "Case") requesting entry of an interim order (the "Initial Interim Order"), and following a final hearing, a final order (the "Final Order"), authorizing and approving the obtaining

1 of credit and permitting the use of cash collateral pursuant to Sections 363 and 364 of the
2 Bankruptcy Code. On December 12, 2016, the Court entered the Initial Interim Order (Docket No.
3 36) permitting the Debtors to borrow up to \$350,000, to avoid immediate and irreparable harm.

4 On January [13], 2017, the Debtors filed a supplement to the Motion (the “Supplement”)
5 requesting (a) authority to borrow additional amounts on an interim basis pursuant to an *Amended*
6 *and Restated Secured Super-Priority Debtors-in-Possession Loan Agreement* dated as of January 18,
7 2017 (as it may be further amended or supplemented, the “DIP Loan Agreement”), attached as
8 Exhibit A to the Supplement, and (b) a continuance of the final hearing scheduled for January 18,
9 2017, to consider entry of an order approving the DIP Facility and authorizing the use of Cash
10 Collateral on a final basis as set forth in the Motion. The Supplement also contained, attached as
11 Exhibit B, an updated cash budget for the period from December 15, 2016, through February 28,
12 2017. The Motion, as supplemented by the Supplement, requests entry of an amended interim order
13 (this “Amended Interim Order”), among other things:

14 (1) Authorizing and approving, pursuant to sections 105, 361, 362, 363 and 364
15 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002, 4001, and 9014 of the
16 Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for Debtors, as borrower, to
17 obtain postpetition financing up to the principal amount of \$3,000,000 (the “DIP Facility”), of which
18 up to the principal amount of \$1,000,000 (less amounts previously advanced under the Initial Interim
19 Order), will be available under this Amended Interim Order, from Wrap Media Holdings, LLC or its
20 designee, as lead lender and lender agent (“Lead Lender” and “Lender Agent”), and other lenders to
21 be identified (together with Lead Lender, “Lender”), pursuant to the terms of the DIP Loan
22 Agreement¹, to: (A) fund general operating needs of the Debtors pursuant to a Budget, (B) pay
23 certain expenses of administration of the Case, and (C) pay amounts owed to Lender under the DIP
24 Loan Agreement (obligations under the DIP Facility, the Initial Interim Order and this Amended
25 Interim Order, including, without limitation, principal, interest, fees and expenses, and other
26 obligations and amounts due from time to time under the DIP Loan Agreement, shall be referred to
27 hereinafter collectively as the “Postpetition Indebtedness”);

28

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the DIP Loan Agreement.

1 (2) Authorizing and empowering the Debtors to execute and enter into the DIP
2 Loan Agreement and to perform such other and further acts as may be required in connection with
3 the DIP Loan Agreement;

4 (3) providing, pursuant to section 364(c) of the Bankruptcy Code, that the
5 obligations under the DIP Facility:

6 a. shall have priority over any and all administrative expenses,
7 diminution claims and all other claims against the Debtors, now existing or hereafter arising, of any
8 kind whatsoever, including without limitation, all administrative expenses of the kind specified in, or
9 ordered pursuant to, sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, or
10 1114 of the Bankruptcy Code or otherwise, which allowed superpriority claims of Lender (the “DIP
11 Superpriority Claims”) shall be payable from, and have recourse to, all prepetition and postpetition
12 property of the Debtors as provided herein, provided, however, that the DIP Superpriority Claims
13 shall be subject to the Carve-Out (as defined below);

14 b. shall be secured by a valid, binding, continuing, enforceable, fully-
15 perfected senior lien on, and security interest in, the “Senior Collateral” consisting of (a) the
16 Intellectual Property (as defined in the DIP Loan Agreement), subject to the SVB Replacement Lien,
17 (b) the Control Account (as defined in the DIP Loan Agreement), and (c) any other prepetition and
18 postpetition property of the Debtors, whether now existing or hereafter acquired, that is not subject
19 to a valid, perfected and unavoidable lien in existence immediately prior to the Petition Date, in each
20 case subject to the Carve-Out;

21 c. shall be secured by a valid, binding, continuing, enforceable, fully-
22 perfected junior lien on, and security interest in, the “Junior Collateral” consisting of (a) any
23 Collateral that is subject to a valid, perfected and unavoidable lien under the SVB Indebtedness (as
24 defined in the DIP Loan Agreement), and (b) any other prepetition and postpetition property of the
25 Debtors, whether now existing or hereafter acquired, that is subject to valid, perfected and
26 unavoidable liens in existence immediately prior to the Petition Date (as defined below), or to valid
27 and unavoidable liens in existence immediately prior to the Petition Date that are perfected after the
28 Petition Date as permitted by Section 546(b) of the Bankruptcy Code, which security interests and

1 liens in favor of Lender shall be junior to such valid, perfected and unavoidable liens, in each case
2 subject to the Carve-Out (the “DIP Collateral” consists of the Senior Collateral and the Junior
3 Collateral);

4 d. authorizing the Debtors pursuant to sections 361 and 363(c) and (e) of
5 the Bankruptcy Code to use Cash Collateral (as defined under section 363 of the Bankruptcy Code)
6 in which Lender asserts an interest as a result of the DIP Facility; and

7 (4) scheduling, pursuant to Bankruptcy Rule 4001, a final hearing (the “Final
8 Hearing”) before this Court to consider entry of the Final Order approving the DIP Facility and
9 authorizing the use of Cash Collateral, all on a final basis, as set forth in the Motion.

10 Pursuant to Bankruptcy Rules 4001(b) and 4001(c)(1), due and sufficient notice under the
11 circumstances of the Motion and Supplement before this Court to consider entry of this Amended
12 Interim Order having been provided by the Debtors, and a further interim hearing having been held
13 on January 18, 2017, and the Court having considered of all the pleadings filed with this Court,
14 including any objections to the relief requested in the Motion and the Supplement that were not
15 withdrawn or resolved at or prior to the hearing; and upon the record made by the Debtors at the
16 hearing and the Declarations of Eric Greenberg and Douglas Abrams in support of the Motion, and
17 after due deliberation and consideration and good and sufficient cause appearing therefore;

18 **IT IS HEREBY FOUND:**

19 A. On December 10, 2016 (the “Petition Date”), the Debtors commenced in this
20 Court a case under chapter 11 of the Bankruptcy Code. The Debtors are continuing to operate their
21 business and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of
22 the Bankruptcy Code.

23 B. No request for the appointment of a trustee or examiner has been made in this
24 Case. No official committee of unsecured creditors has yet been appointed or designated by the U.S.
25 Trustee’s office.

26 C. This Court has subject matter jurisdiction to consider this matter pursuant to
27 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before
28 this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

1 D. The Debtors' business has an immediate need for further financing under the
2 DIP Facility and use of Cash Collateral in order to permit, among other things, the orderly
3 continuation of the operation of its business, to maintain business relationships with vendors,
4 suppliers and customers, to make payroll, to make capital expenditures and to satisfy other working
5 capital and operational, financial and general corporate needs. The access of the Debtors to
6 sufficient working capital and liquidity through the incurrence of new indebtedness for borrowed
7 money and other financial accommodations and use of Cash Collateral is vital to the preservation
8 and maintenance of the going concern value of the Debtors and to the success of the Case. Without
9 such credit and use of Cash Collateral, the Debtors would not be able to operate their business and
10 the Debtors' estates would be irreparably harmed.

11 E. The Debtors are unable to obtain sufficient financing from sources other than
12 Lender on terms more favorable than under the DIP Loan Agreement and all the documents and
13 instruments delivered pursuant thereto or in connection therewith. The Debtors have been unable to
14 obtain sufficient unsecured credit solely under section 503(b)(1) of the Bankruptcy Code as an
15 administrative expense. New credit is unavailable to the Debtors without providing Lender with the
16 benefit of the DIP Superpriority Claims and the DIP Liens as provided herein and in the DIP Loan
17 Agreement.

18 F. Pending entry of the Final Order, Lender is willing to provide financing to the
19 Debtors and/or consent to the use of Cash Collateral and other Collateral by the Debtors subject to
20 (i) the entry of this Amended Interim Order, (ii) the terms and conditions of the DIP Loan
21 Agreement, and (iii) findings by the Court that such interim postpetition financing and use of Cash
22 Collateral is essential to the Debtors' estates, that the terms of such interim financing and use of
23 Cash Collateral were negotiated in good faith and at arm's length, and that the DIP Liens, DIP
24 Superpriority Claims, and the other protections granted pursuant to this Amended Interim Order and
25 the DIP Loan Agreement with respect to such interim financing and use of Cash Collateral will not
26 be affected by any subsequent reversal, modification, vacatur, or amendment of this Amended
27 Interim Order or any other order, as provided in section 364(e) of the Bankruptcy Code. Without
28 limiting the foregoing, any advances made to the Debtors under the DIP Loan Agreement after entry

1 of the Initial Interim Order and prior to entry of the Final Order shall be entitled to the protections
2 provided by section 364(e) of the Bankruptcy Code. Lender has acted in good faith in, as applicable,
3 negotiating, consenting to and agreeing to provide the postpetition financing arrangements and/or
4 use of Cash Collateral on an interim basis as contemplated by this Amended Interim Order and the
5 other DIP Loan Agreement, and the reliance by Lender on the assurances referred to above is in
6 good faith.

7 G. Under all the circumstances, notice of the Motion and the relief requested
8 thereby and pursuant to the Supplement and this Amended Interim Order has been provided in
9 accordance with Bankruptcy Rule 4001.

10 H. The Debtors have requested immediate entry of this Amended Interim Order
11 pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2). Absent entry of this Amended Interim
12 Order, the Debtors' business, properties and estates will be immediately and irreparably harmed.

13 I. The ability of the Debtors to finance their operations and the availability to the
14 Debtors of sufficient working capital and other financial and general corporate liquidity through the
15 incurrence of new indebtedness for borrowed money and other financial accommodations, and use of
16 Cash Collateral are in the best interests of the Debtors and their creditors and estates.

17 J. Based upon the record presented by the Debtors to this Court: (i) the terms of
18 the DIP Facility and use of Cash Collateral are the best available under the circumstances, reflect the
19 Debtors' exercise of prudent business judgment consistent with their fiduciary duty, and are
20 supported by reasonably equivalent value and fair consideration; and (ii) the DIP Facility and use of
21 Cash Collateral have been negotiated in good faith and at arm's length among the Debtors and
22 Lender, and any loans, credit, use of Cash Collateral or other financial accommodations set forth in
23 this Amended Interim Order shall be deemed to have been extended, issued, made, or consented to,
24 as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code.

25 **THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

26 1. Disposition. The Motion, as supplemented by the Supplement, is granted as
27 set forth in this Amended Interim Order. Any objections that have not previously been withdrawn or
28

1 resolved at the hearing are hereby overruled. This Amended Interim Order shall immediately
2 become effective upon its entry.

3 2. Authorization to Borrow Under the DIP Facility. As of the date hereof,
4 Debtors and Lender are deemed to have executed and delivered all documents comprising the DIP
5 Loan Agreement and the requirements of the DIP Loan Agreement shall be binding on the Debtors.
6 Provided that the Debtors are not in default under the terms of this Amended Interim Order or the
7 DIP Loan Agreement, the Debtors are authorized to borrow under the DIP Facility from Lender, in
8 accordance with the terms and conditions of the DIP Loan Agreement and in the amounts and at the
9 times (subject to applicable variances) set forth in the updated Budget attached hereto as **Exhibit A**
10 (the “Updated DIP Budget”), up to \$1,000,000 in an aggregate principal amount of advances (less
11 amounts previously advanced under the Initial Interim Order), and to use amounts borrowed under
12 the DIP Facility to fund the Debtors’ working capital, administrative expenses, and other general
13 corporate needs pending the Final Hearing in accordance with the terms of the DIP Loan Agreement
14 and this Amended Interim Order.

15 3. DIP Superpriority Claims. For the Postpetition Indebtedness, Lender is
16 granted, pursuant to section 364(c)(1) of the Bankruptcy Code, subject only to the payment of the
17 Carve-Out, the allowed DIP Superpriority Claims, which claims shall be payable from and have
18 recourse to, in addition to the DIP Collateral, any unencumbered prepetition or postpetition property
19 of the Debtors whether now existing or hereafter acquired. The DIP Superpriority Claims shall be
20 deemed legal, valid, binding, enforceable, and perfected claims, not subject to subordination,
21 impairment or avoidance other than as provided herein, for all purposes in the Case and any
22 successor case.

23 4. DIP Liens. As security for the repayment of the Postpetition Indebtedness
24 arising under the DIP Loan Agreement, pursuant to sections 364(c)(2) and (c)(3) of the Bankruptcy
25 Code, Lender is hereby granted the liens on the DIP Collateral (the “DIP Liens”). The DIP Liens are
26 valid, binding, enforceable and fully perfected as of the date hereof.

1 5. Carve-Out.

2 (a) As used in this Amended Interim Order, the term “Carve-Out” shall
3 mean a carve-out for (i) allowed, accrued, but unpaid professional fees and expenses of the Debtors
4 and any official committee of unsecured creditors appointed in the Case, in each case as set forth in
5 the Updated DIP Budget (on a cumulative basis) incurred prior to an Event of Default (as defined in
6 the DIP Loan Agreement) not otherwise cured by the Debtors or waived by Lender, (ii) allowed,
7 accrued, but unpaid professional fees and expenses of the Debtors or any subsequently appointed
8 chapter 7 trustee incurred in the Case after an Event of Default (that is not waived or cured) not to
9 exceed an amount equal to \$35,000, and (iii) the payment of fees pursuant to 28 U.S.C. § 1930;
10 provided that the Carve-Out, any Cash Collateral and any proceeds of the DIP Facility may not be
11 used to prosecute, contest or otherwise challenge the validity, perfection, priority, extent, or
12 enforceability of the DIP Facility, or the liens securing the DIP Facility, or any claims against
13 Lender in its capacity as such.

14 (b) Notwithstanding anything herein to the contrary, no Collateral, Cash
15 Collateral, amounts borrowed under the DIP Loan Agreement, proceeds of any of the foregoing, or
16 any portion of the Carve-Out shall include, apply to, or be available for, any fees or expenses
17 incurred by any party, including the Debtors or any committee, in connection with (A) the initiation
18 or prosecution of (or soliciting or encouraging other parties to assert) any claims, causes of action,
19 adversary proceedings, or other litigation against Lender in its capacity as such, or (B) any
20 avoidance actions against Lender in its capacity as such. The foregoing shall not be construed as
21 consent to the allowance of any estate professional fees and shall not affect the right of the Debtors,
22 Lender, or other parties in interest to object to the allowance and payment of any estate professional
23 fees. Payment of any portion of the Carve-Out shall not, and shall not be deemed to, reduce any of
24 the Debtors’ obligations owed to Lender.

25 6. Adequate Protection to SVB. Solely to the extent of any diminution in the
26 value of the interests of SVB in the Junior Collateral, SVB shall have, pursuant to sections 361 and
27 363(e) of the Bankruptcy Code, an additional security interest and lien in the Intellectual Property
28 (the “SVB Replacement Lien”), which lien shall (a) be senior to the DIP Liens with respect to the

1 Intellectual Property (but shall be junior to the DIP Liens with respect to the remaining Senior
2 Collateral, including the Control Account), and (b) be junior and subordinate to the Carve Out.

3 7. Section 506(c) and 552(b) Waivers. Effective upon entry of a Final Order
4 providing for such relief, with the exception of the Carve-Out and except as otherwise permitted by
5 the DIP Facility or this Amended Interim Order, neither the DIP Collateral nor Lender, nor any of its
6 claims, shall be subject to any costs or expenses of administration that have been or may be incurred
7 at any time, pursuant to sections 105, 506(c) or 552 of the Bankruptcy Code, or otherwise, by the
8 Debtors or any other party in interest without the prior written consent of Lender, and no such
9 consent shall be implied from any action, inaction, or acquiescence by any party, including, but not
10 limited to, funding of the Debtors' ongoing operations by Lenders. Effective upon entry of a Final
11 Order providing for such relief, the "equities of the case" exception contained in section 552(b) of
12 the Bankruptcy Code shall be deemed waived with respect to the DIP Collateral. Lender shall not be
13 subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP
14 Collateral.

15 8. Authorization to Use Cash Collateral. Upon entry of this Amended Interim
16 Order and during the term hereof, the Debtors are authorized pursuant to sections 105, 361, 363, 541
17 and 553 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014, to use Cash Collateral
18 in which Lender maintains an interest in accordance with the Updated DIP Budget. The Debtors'
19 authority to use Cash Collateral, including any proceeds of the DIP Loan Agreement contained in the
20 Collateral Account or otherwise, shall cease immediately upon the giving of notice by the Lender of
21 the occurrence of an Event of Default (as defined in the DIP Loan Agreement), except as may
22 otherwise be ordered by the Bankruptcy Court.

23 9. Reimbursement of Fees and Expenses. Upon entry of this Amended Interim
24 Order, the Debtors shall reimburse Lender Agent in accordance with the terms of the DIP Loan
25 Agreement for its reasonable costs and fees, provided however, that the Debtors, upon receipt of
26 invoices from Lender Agent, shall provide copies of the same to the U.S. Trustee and counsel for
27 any committee. None of such costs, fees, charges, and expenses shall be subject to Court approval
28 or required to be maintained in accordance with the U.S. Trustee Guidelines and no recipient of any

1 such payment shall be required to file with respect thereto any interim or final fee application with
2 the Court; provided, however, that the Court shall have jurisdiction to determine any dispute
3 regarding the reasonableness of any such costs, fees, charges and expenses. The payment of such
4 fees and costs in amounts in excess of those set forth in the Updated DIP Budget will not result in a
5 breach of the DIP Loan Agreement.

6 10. Additional Perfection Measures. Lender shall not be required to file financing
7 statements, mortgages, deeds of trust, security deeds, notices of lien, or similar instruments in any
8 jurisdiction, or take any other action, to attach or perfect the security interests and liens granted
9 under the DIP Loan Agreement and this Amended Interim Order (including, without limitation,
10 taking possession of or obtaining control over any of the DIP Collateral, or taking any action to have
11 security interests or liens noted on certificates of title or similar documents). Lender's DIP Lien in
12 the Control Account shall be deemed enforceable and perfected notwithstanding the absence of an
13 agreement for control of such account within the meaning of the UCC. Notwithstanding the
14 foregoing, Lender may, in its discretion, file this Amended Interim Order or such financing
15 statements, mortgages, deeds of trust, notices of lien, or similar instruments, or otherwise confirm
16 perfection of such liens, security interests, and mortgages, without seeking modification of the
17 automatic stay under section 362 of the Bankruptcy Code, and all such documents shall be deemed
18 to have been filed or recorded or other action taken on the Petition Date, with the priorities set forth
19 herein; provided, that the failure of Lender to file any such financing statement, mortgage, deed of
20 trust, notice of lien or other instrument, or to otherwise confirm perfection of such liens, security
21 interests or mortgages or make any other such request shall not affect either the perfection or priority
22 of the DIP Liens.

23 11. Remedies Upon Event of Default.

24 (a) Acceleration. After the occurrence and continuance of an Event of
25 Default (as defined in the DIP Loan Agreement) and upon five (5) Business Days' written notice
26 following such Event of Default from Lender to the Debtors, if the Debtors have not within such five
27 (5) day period either (A) cured any such Event of Default; or (B) obtained an order from the Court
28 excusing Debtors' performance or otherwise determining that no such Event of Default has occurred,

1 Lender shall have the right to declare the entire unpaid principal amount of any outstanding
2 advances under the DIP Facility, together with all accrued but unpaid interest and any unpaid fees
3 and expenses incurred by Lender, immediately due and payable. The Debtors waive presentment,
4 protest, demand, notice of dishonor and all other requirements of any kind. Lender's failure to
5 exercise any right or remedy under the DIP Facility or acceptance of partial or delinquent payments,
6 shall not be a waiver of any obligation of the Debtors or right of Lender, or constitute Lender's
7 waiver of any other default subsequently occurring.

8 (b) Automatic Stay. After the occurrence and continuance of an Event of
9 Default (as defined in the DIP Loan Agreement) and upon seven (7) Business Days' written notice
10 following such Event of Default from Lender to the Debtors (which the Debtors shall file with the
11 Court and serve on those parties that have requested special notice in the Case), if the Debtors or any
12 other party in interest has not within such seven (7) day period otherwise obtained an order from the
13 Court maintaining the automatic stay, the automatic stay provided in Section 362 of the Bankruptcy
14 Code shall be deemed modified and Lender shall have the right to exercise any of the remedies
15 under the DIP Facility loan documents, including any rights and remedies provided herein and the
16 right to realize on the DIP Collateral without further relief or order of this Court.

17 (c) Binding Effect. The provisions of this Amended Interim Order shall
18 be binding upon and inure to the benefit of Lender, the Debtors and their respective successors and
19 assigns, including any trustee hereafter appointed for the estates of either of the Debtors, whether in
20 the Case or any successor case, including the conversion of the Case to a case under chapter 7 of the
21 Bankruptcy Code. Such binding effect is an integral part of this Amended Interim Order.

22 12. Survival. The provisions of this Amended Interim Order and any actions
23 taken pursuant hereto shall survive the entry of any order (a) confirming any plan under chapter 11
24 of the Bankruptcy Code in the Case (and, to the extent not satisfied in full in cash, the Postpetition
25 Indebtedness shall not be discharged by the entry of any such order, or pursuant to
26 section 1141(d)(4) of the Bankruptcy Code), (b) approving any sale under section 363 of the
27 Bankruptcy Code, (c) converting the Case to a chapter 7 case unless permitted under the DIP Loan
28 Agreement, or (d) to the maximum extent permitted by law, dismissing the Case unless permitted

1 under the DIP Loan Agreement, and notwithstanding the entry of any such order, the terms and
2 provisions of this Amended Interim Order shall continue in full force and effect, and the DIP
3 Superpriority Claims and DIP Liens granted pursuant to this Amended Interim Order and/or the DIP
4 Loan Agreement shall continue in full force and effect and shall maintain their priority as provided
5 by this Amended Interim Order and the DIP Loan Agreement to the maximum extent permitted by
6 law until all of the Postpetition Indebtedness is indefeasibly paid in full in cash or otherwise
7 addressed pursuant to a confirmed plan.

8 13. Credit Bid. The Lead Lender's ability to exercise its rights to credit bid the
9 Postpetition Indebtedness authorized by this Amended Interim Order, either pursuant to a sale under
10 Section 363 of the Bankruptcy Code or pursuant to a plan of liquidation for the Debtors, shall be
11 subject to further order of the Court. The foregoing (a) shall be subject to reconsideration or
12 modification at the Final Hearing, and (b) shall not diminish or affect the validity, priority,
13 perfection or enforceability of the DIP Liens authorized by this Amended Interim Order.

14 14. Findings of Fact and Conclusions of Law. This Amended Interim Order
15 constitutes findings of fact and conclusions of law and shall take effect and be fully enforceable
16 immediately upon the entry thereof.

17 15. Controlling Effect of Order. To the extent any provision of this Amended
18 Interim Order conflicts with any provision of the Motion, any documents executed or delivered prior
19 to the Petition Date, or the DIP Loan Agreement, the provisions of this Amended Interim Order shall
20 control.

21 16. Final Hearing. The Final Hearing on the Motion shall be continued to March
22 2, 2017, at 11:00 a.m. (PST) at the United States Bankruptcy Court for the Northern District of
23 California, Courtroom 19 on the 16th Floor of the Federal Building, 450 Golden Gate Avenue, San
24 Francisco, California.

25 ***** END OF ORDER *****
26
27
28

EXHIBIT A
(Updated DIP Budget)

DOCS_SF:92977.2 42335/002

Wrap Media
Short Term Cash Plan
(As of 1/12/16)

	12/15/2016	12/31/2016	1/15/2016	1/31/2017	2/15/2016	2/28/2016	Total Feb 2017
Beginning Unrestricted Cash (12/10/16)	291,248	215,666	246,100	155,334	45,086	34,217	45,086
DIP Loan Proceeds	0	200,000	150,000	150,000	250,000	250,000	500,000
AR Cash Receipts	0	27,000	12,749	30,000	50,000	50,000	100,000
Payroll & Related Taxes	(73,048)	(184,604)	(188,777)	(181,998)	(165,998)	(181,998)	(347,998)
Employee Health Benefits	0	0	0	(25,000)	(20,000)	0	(20,000)
Engineering Expenses	0	(770)	(14,240)	(10,250)	(18,250)	(11,250)	(29,500)
Sales & Marketing Expenses	(1,305)	(4,136)	(18,000)	(10,000)	(40,500)	(7,500)	(48,000)
Admin & Office Expenses	(1,229)	(8,286)	(23,998)	(50,000)	(57,621)	(15,000)	(72,621)
Legal Fees	0	0	0	(12,000)	0	(12,000)	(12,000)
Interest Payments	0	0	(8,500)	(1,000)	(8,500)	(2,500)	(11,000)
Ending Unrestricted Cash	215,666	246,100	155,334	45,086	34,217	103,969	103,969
Cash In	0	227,000	162,749	180,000	300,000	300,000	600,000
Cash Out	(75,582)	(196,566)	(253,515)	(230,248)	(310,869)	(230,248)	(541,117)
Net Change in Unrestricted Cash	(75,582)	30,434	(90,766)	(110,248)	(10,869)	69,752	58,853
Total Non-Payroll OPEX Costs	(2,534)	(11,963)	(56,238)	(82,250)	(116,371)	(45,750)	(162,121)

Prior Plan submitted to Courts
Short Term Cash Plan
(As of 12/10/16)

	12/15/2016	12/31/2016	1/15/2016	1/31/2017	Total Dec 2016	Total Jan 2017
Beginning Unrestricted Cash (12/10/16)	291,248	179,570	142,559	18,289	291,248	142,559
DIP Loan Proceeds	0	200,000	150,000	0	200,000	150,000
AR Cash Receipts	0	30,000	40,000	40,000	30,000	80,000
Payroll & Related Taxes	(91,678)	(183,710)	(163,710)	(203,710)	(275,389)	(367,421)
Employee Health Benefits	0	0	(30,000)	0	0	(30,000)
Engineering Expenses	0	(14,000)	(12,500)	(38,500)	(14,000)	(51,000)
Sales & Marketing Expenses	(10,000)	(20,000)	(45,000)	(20,000)	(30,000)	(65,000)
Admin & Office Expenses	(10,000)	(37,300)	(54,060)	(21,300)	(47,300)	(75,360)
Legal Fees	0	(12,000)	0	(12,000)	(12,000)	(12,000)
Interest Payments	0	0	(9,000)	(1,000)	0	(10,000)
Ending Unrestricted Cash	179,570	142,559	18,289	(238,222)	142,559	(238,222)
Cash In	0	230,000	190,000	40,000	230,000	230,000
Cash Out	(111,678)	(267,010)	(314,270)	(296,510)	(378,689)	(610,781)
Net Change in Unrestricted Cash	(111,678)	(37,010)	(124,270)	(256,510)	(146,689)	(380,781)
Total Non-Payroll OPEX Costs	(20,000)	(83,300)	(111,560)	(91,800)	(103,300)	(203,360)

Wrap Media, LLC - Operating Plan

Ending Cash Projection	Cash Receipts	DIP Loan	SVB & DIP Loan Interest	Non Payroll	Health Benefits	Payroll, Taxes & Commissions	Gross Burn	Ending
				Expected Costs				Unrestricted Cash
12/15/2016	27,000	200,000		(2,534)		(73,048)	(75,582)	215,666
12/31/2016	12,749	150,000		(11,963)		(184,604)	30,434	246,100
1/15/2016	30,000	150,000	(8,500)	(56,238)		(188,777)	(90,766)	155,334
1/31/2016	30,000	150,000	(1,000)	(82,250)	(25,000)	(181,998)	(110,248)	45,086
2/15/2016	50,000	250,000	(8,500)	(116,371)	(20,000)	(165,998)	(10,869)	34,217
2/28/2016	50,000	250,000	(2,500)	(45,750)		(181,998)	69,752	103,969
3/15/2016	50,000	50,000	(8,500)	(131,371)	(20,000)	(165,998)	(275,869)	(171,900)
3/31/2016	50,000	50,000	(5,000)	(38,750)		(181,998)	(175,748)	(347,648)
4/15/2016	50,000	50,000	(8,500)	(111,371)	(20,000)	(165,998)	(255,869)	(603,517)
4/30/2016	50,000	50,000	(5,000)	(42,750)		(181,998)	(179,748)	(783,265)

DIP Loan Bal

0

200,000

350,000

500,000

750,000

1,000,000

1,000,000

1,000,000

1,000,000

1,000,000

1,000,000

Unrestricted Cash reconciliation

First Republic Checking	200
SVB	100
Bank of the West	231,448
Other	472,500
Exclude: Letter of Credit	(422,000)
Exclude: CD to secure Amex cards	(50,000)
Outstanding Items	(76,714)
Cash end of Period 1/15	155,334
	0

Go forward estimated monthly burn

Payroll & Taxes	(331,996)
Commissions	(16,000)
Health Benefits	(20,000)
SVB Loan Int	(8,500)
DIP Loan Int	(1,000)
Non Payroll OPEX Costs	(155,121) See Below
Monthly Burn	(532,617)
Non-Payroll OPEX Costs	
Engineering Expenses	24,500
Sales & Mktg Expenses	48,000
Admin & Office Expenses	70,621
Legal Fees	29,000
Unpaid Legal Fees	(17,000)
	155,121 See Detail

Outstanding Items / Adjustments

DIP Funding	12/15/2016	12/31/2016	1/15/2016	1/31/2017	2/15/2017	2/28/2017	3/15/2017	3/31/2017
Payroll			150,000					
SVB Interest			(166,238)					
Cash Receipts			(8,500)					
Bill.com Payments Processed			0					
Other AP Payments			(16,518)					
USPTO			(29,958)					
			(5,500)					
Total	0	0	(76,714)	0				

Wrap Media
Non-Headcount Related Costs

<u>Engineering Expenses</u>	Full Month	Actual Dec 15 Pymt	Dec 31 Pymt	Jan 15th Pymts	Jan 31 Pymts	Feb 15th Pymts	Feb 28th Pymts	Mar 15th Pymts	Mar 31 Pymts	Apr 15th Pymts	Apr 30 Pymts	
Abstracta	-			2,880	-		-		-		-	R&D consultants
Production Design Contractors	7,500			560	3,750	3,750	3,750	3,750	3,750	3,750	3,750	Design Consultants
Eammine/Infosec	12,000			8,400		12,000		12,000		12,000		Security/enterprise-readiness consultants
Security Auditors	-			2,400	4,000		5,000	5,000				
EPC IT Solutions	-		770		-		-		-		-	IT consulting
Other Engineering & IT	5,000				2,500	2,500	2,500	2,500	2,500	2,500	2,500	R&D & IT consulting
Total Engineering Expenses	24,500	-	770	14,240	10,250	18,250	11,250	23,250	6,250	18,250	6,250	
<u>Sales & Marketing Expenses</u>												
MediaLink	33,000			18,000		33,000		33,000		33,000		Marketing, lead-gen
Travel & Related Expenses (in CC Payments)	15,000	1,305			10,000	7,500	7,500	7,500	7,500	7,500	7,500	Travel & Related Expenses
Sales Consultants	-		4,136	-	-	-	-	-	-	-	-	Sales Consultant
Total Sales & Marketing Expenses	48,000	1,305	4,136	18,000	10,000	40,500	7,500	40,500	7,500	40,500	7,500	
<u>Admin & Office Expenses</u>												
275 Sacramento Street, LLC	2,000				2,000		2,000		2,000		2,000	Electricity
Beautiful	3,000		1,306		1,500	1,500	1,500	1,500	1,500	1,500	1,500	Cafeteria
Canteen Refreshment Services	-				-		-		-		-	Cafeteria
Court Admin - US Trustee Fee (per qtr)					2,000						4,000	US Trustee Fee
Credit Card Pymts (See Below for charges)	40,121			10,905	25,000	40,121		40,121		40,121		Credit Card Charges
Kranz & Associates	14,000		5,000	5,000	7,000		7,000		7,000	7,000	7,000	Finance & Accounting Consultant
Lender Admin Fees					5,000			10,000				Admin fees for Lender
Level 3 Communications	1,500	1,229		1,229		1,500		1,500		1,500		Internet Connection
Misc	5,000		593	1,206	2,500	2,500	2,500	2,500	2,500	2,500	2,500	Misc Office Admin
Office Admin Temp	-			-	-	-	-	-	-	-	-	Clerical and Admin Work
Rust / Omni	-				5,000		2,000					Internet Connection
The Fruit Guys	-		158	158	-	-	-	-	-	-	-	Cafeteria
USPTO	5,000			5,500		5,000		5,000				Patent Filing Fee, 4 payments (Jan, Feb, M
Total Admin & Office Expenses	70,621	1,229	7,057	23,998	50,000	57,621	15,000	67,621	13,000	52,621	17,000	
<u>Legal Fees</u>												
Baker McKenzie	-											International Legal
Beyer Law Group LLP	5,000											IP Legal
Fenwick & West, LLP	5,000											General Legal
Harvey Siskind	2,000											IP Legal
Law Office of Erik Riegler	5,000											General Legal
Pachulski Stang Ziehl & Jones LLP	12,000				12,000		12,000		12,000		12,000	Trustee Legal
South Gate	-											International Legal
Total Legal Fees	29,000	-	-	-	12,000	-	12,000	-	12,000	-	12,000	
Total Non-Headcount Related Costs	172,121	2,534	11,963	56,238	82,250	116,371	45,750	131,371	38,750	111,371	42,750	

Credit Card Charges

	Budget (on CC)	Dec Payments	Jan Payments To date	Feb Payments	Mar Payments	Apr Payments	Comments
8X8, INC.	500	346	349				Telecom
Adobe Systems	625	625					SW tool subscription
AT&T	500	10					Telecom
Atlassian	930	1,029					SW tool subscription
Amazon Web Services	22,000	23,371	21,505				Bandwidth/hosting
BambooHR	200	180					SW tool subscription
Bill.com, Inc	100	151					SW tool subscription
Bohemian Coding	99						SW tool subscription
Browser Stack	39	39					SW tool subscription
Chatlio	49						SW tool subscription
Cirrus	84	84	28				SW tool subscription
CloudCraft	49						SW tool subscription
CLOUDFLARE	20	20					SW tool subscription
Easy DNS	75						Bandwidth/hosting
Eden	-	1,096	280				Office/meal setup/take-down
Elev.io	79	79					SW tool subscription
Expensify	100	117	81				SW tool subscription
EZTexting	100	300	50				SW tool subscription
FEDEX	500	129					Postage
First Republic Bank	197						Bank Fees
GETTY IMAGES	399	399					SW tool subscription
GitHub	300	300					SW tool subscription
Google	600	653	597				SW tool subscription
Gum	198						SW tool subscription
Harvest	149	149					SW tool subscription
Intuit	40	40	40				SW tool subscription
iStock	170						SW tool subscription
Jfrog	98	98					SW tool subscription
LeapFin	500	500					SW tool subscription
Misc Charges	1,000	336					Misc
Motion.ai	50						SW tool subscription
New Relic	2,700	2,700					SW tool subscription
Office Supplies / Cafeteria	1,500		664				Office Supplies
PagerDuty	885	826					SW tool subscription
Optimizely	400	399					SW tool subscription
Pingdom	15	15					SW tool subscription
SHUTTERSTOCK, INC	199	199					SW tool subscription
Slack	400	54					SW tool subscription
SpeedCurve	45	43					SW tool subscription
Status Page	99						SW tool subscription
Sumome	100						SW tool subscription
Travel Related (in Sales Budget above)		947					
Twilio	300	300					SW tool subscription
Typeform	70	70					SW tool subscription
Verizon	958						Telecom
Zuora	2,700						SW tool subscription
Total Credit Card Charges	40,121	0	35,653	0	23,594	0	0

March)